

OFFICE OF THE RECLAMATION GUARANTY FUND

Annual Professional Engineers in Mining Seminar
August 27, 2021



Kentucky Reclamation Guaranty Fund History

- The emergency provisions of the HB66 immediately established the Office of the Reclamation Guaranty Fund (ORGF) and the Kentucky Reclamation Guaranty Fund (KRGF).
- On March 22, 2013, HB66 went into effect establishing KRS 350.500-521.
- KRGF is a reclamation account, requiring **mandatory** participation, designed to cover the excess costs of reclamation for coal mining sites when the permit specific bond is inadequate.
- The previous **voluntary** Bond Pool and Bond Pool Commission were abolished by the legislation.
- The Fund cannot be used for the long term treatment of substandard water discharges or to repair subsidence damage.
- The KRGF Commission is comprised of seven members representing the Cabinet, coal, financial, and insurance industries.



Office of Reclamation Guaranty Fund (ORGF)

- Currently has 3 staff members and the Executive Director
- Classifies permits and invoices members each calendar year
- Collects and deposits all fees and penalties
- Tracks incoming forfeitures from the Division of Mine Reclamation and Enforcement
- Transfers reimbursements to the Division of Abandoned Mine Lands when permits that have been forfeited are reclaimed
- Works closely with the other mining divisions in DNR to ensure accurate data is being maintained in the SMIS database and delinquent fees are collected
- Coordinates the actuarial studies and audits on behalf of the Commission



KRGF Commissioners

- Chairman Rebecca Goodman – EEC Secretary
- Bill Adams – Cumberland Surety Inc.
- Kelly Short – Blackhawk Mining, LLC
- Lyman Hager – RFH, PLLC
- Charles Justice – Wayland Land Company, Inc.
- Vacant
- Vacant



KRGF REVENUE SOURCES

- Membership Fees
- Tonnage Fees
- Non-Production & Dormant Fees
- Penalties
- Interest Earned
- Forfeitures



2021 KRGF Annual Classifications

- 891 permits are classified in calendar year 2021:
 - SURFACE 42
 - COMBINATION 2
 - UNDERGROUND 42
 - NON-PRODUCTION 256
 - DORMANT 549



Current State of the KRGF

- Current Fund Balance: \$51,943,446.36
- Current Bond Forfeiture Obligation: \$11,303,098.15
- Current Bond Liability of Former Bond Pool Members: \$24,365,414.50
- SFY21 Permits Forfeited: 6
- SFY21 Permits Receiving Payouts: 24
- SFY21 Permits Requiring Excess Funds: 7



BOND FORFEITURE PAYOUTS FROM KRGF

- \$16,513,883.70 in forfeited bond money has been deposited into the KRGF since the inception of the Fund.
- The KRGF has paid out \$2,132,279.65 in excess funds since the inception of the Fund to assist with the reclamation of permits.
- 22 permits have used excess funds from the KRGF since the inception of the Fund.
- The Cabinet continues to encourage permittees to pursue bond releases.



Recent Efforts

- Working with IT to improve the newly created portal and online payment system
- Diligently working to collect all past due fees from members.
- Seeking litigation in outstanding fee matters to complete reclamation projects to better the environment.
- Preparing information for the FY2021 Annual Report for the Governor
- Monitoring the bankruptcies and assisting as needed



Actuarial Services & Audits

- The final Actuarial Liability & Funding Analysis as of June 30, 2020 was completed by Pinnacle Actuarial Services, Inc. and submitted to the KRGF on June 29, 2021.
- The KRGF Commission will vote when to begin the next actuarial study at the quarterly KRGF Commission meeting.
- The KRGF was audited by the State Auditor's Office for FY20 where they found no deficiencies. The audits are available on the auditor's website.



Office of the Reclamation Guaranty Fund

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